

TAX INCREMENT FINANCE DISTRICT No. 11

PROJECT PLAN

Adopted

Prepared By:

Finance Director

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**CITY OF EAU CLAIRE
TAX INCREMENTAL DISTRICT No. 11**

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City of Eau Claire
Tax Incremental District No. 11
Project Plan

I. **WISCONSIN TAX INCREMENT LAW AND PROCESS**

Under Wisconsin Statutes Section 66.1101 (1), the State declared that the policy of the State is "to encourage and promote the development of industry to provide greater employment opportunities and to broaden the State's tax base to reduce the tax burden of residents and homeowners." Further, in Wisconsin Statutes Section 66.1301 (2), the State declared that the urban redevelopment policy of the State is "to create, with proper safeguards, inducements and opportunities for the employment of private investment and equity capital in the clearance, replanning, rehabilitation and reconstruction of these areas."

One tool designed to help stimulate new development and redevelopment is "Tax Increment Financing (TIF)". The Tax Increment Law allows a community to recapture the costs of public expenditures made to stimulate new development and redevelopment, from the property taxes generated by the development. The TIF law provides that all property taxes levied on increased property value within a TIF district are retained by the community to finance the public expenditures made within the TIF district. The base value (the value that existed at the time the TIF district is created), however, continues to provide same level of revenues to other taxing jurisdictions. Once all of the public expenditures have been repaid, all taxing jurisdictions can collect taxes levied on the new property value. The TIF law requires an assertion that without the TIF expenditures, the development could not have occurred.

State statutes establish how a TIF district is created. First, a Tax Incremental District (TID) project plan is developed and presented to the Plan Commission for a formal public hearing. The Commission makes a recommendation on the TID project plan to the City Council. The Council then must pass a resolution adopting the TID project plan and establishing the TID boundaries. Finally, a Joint Review Board is created with members from the City, school

district, county, technical college district, and one public member at large. The Joint Review Board reviews the TID plan and public hearing comments and approves the creation of the TIF district by resolution including a “positive assertion” that the development would not occur without the TID. Amendments to a TID Project Plan may be made by following the same procedures. TID project plan amendments may be necessary to revise projected budgets and/or to amend the boundaries of the original TIF district.

This document will meet the statutory requirements for a Project Plan for Tax Increment Finance District No. 11.

II. TID No. 11 PLAN OBJECTIVES

The overall goal for the City's redevelopment effort is to remove and/or rehabilitate old, dilapidated, or functionally obsolete structures; and diversify the City's economic base through the retention/expansion of existing businesses and the attraction of new development that will create new employment opportunities and expand the local property tax base. The Economic Development Assessment chapter of the *Eau Claire Comprehensive Plan 2015* provides that “The vision for downtown includes a mix of government and business offices, arts and entertainment, independent retail and service businesses, medical offices, and additional housing.”

TID No. 11 will advance the City of Eau Claire's redevelopment objectives and specifically will:

- A. Promote Downtown as a mixed-use district by providing funding for the construction of a Community Arts Facility, thereby creating new jobs, increased property valuation, and business growth.
- B. Promote the private redevelopment of properties along the Eau Claire and Chippewa rivers to better utilize the riverfront while enhancing public access and amenities.
- C. Provide appropriate financial incentives to encourage the redevelopment of existing properties and the development of properties where structures have been cleared.

- D. Create a safe, appealing, and vibrant atmosphere which encourages development and redevelopment of mixed-use, commercial, and residential properties within and adjacent to the proposed TID.
- E. Invest in public infrastructure, such as an aging multi-level parking facility, to encourage and enhance other mixed-use development projects within and adjacent to the TID.
- F. Reduce the financial risk to the taxpayer by timing the implementation of the Project Plan with the creation of additional property value through redevelopment and/or new development.
- G. Generate sufficient new property tax increments within ten (10) to fifteen (15) years from each specific development project within the TIF District to fully repay the City's TID project expenditures associated with the development project.

III. **BOUNDARIES OF TID No. 11**

Described as follows:

Part of NE1/4-NW1/4, SE1/4-NW1/4, SW1/4-NE1/4, NW1/4-NE1/4 and Government Lot 3 and 4 of Section 20, T27N, R09W, City of Eau Claire, Eau Claire County, Wisconsin described as follows:

Commencing at the North ¼ corner of said Section 20;

Thence South along the East line of the said NW1/4 to the Southerly right-of-way line of Eau Claire Street;

Thence Southwesterly along said Southerly right-of-way line of Eau Claire Street to the Southeasterly corner of Eau Claire Street and Farwell Street and the point of beginning;

Thence continuing Southwesterly along said Southerly right-of-way line of the Eau Claire Street to the Easterly right-of-way line of Graham Avenue;

Thence Southeasterly along said Easterly right-of-way line of Graham Avenue to the Southerly right-of-way line of Grand Avenue;

Thence Northeasterly along said Southerly right-of-way line of Grand Avenue to the Westerly right-of-way line of Barstow Street;

Thence Southeasterly along said Westerly right-of-way line of Barstow Street to the Northerly right-of-way line of Lake Street;

Thence Northeasterly along said Northerly right-of-way line of Lake Street to the Westerly right-of-way line of S Dewey Street;

Thence Northwesterly along said Westerly right-of-way line of S Dewey Street to the Northerly right-of-way line of Gray Street;
Thence Southwesterly along said Northerly right-of-way line of Gray Street to the Easterly right-of-way line of S Farwell Street;
Thence Northwesterly along said Easterly right-of-way line of S Farwell Street to the Southerly right-of-way line on Eau Claire Street and the point of beginning.



The proposed TID contains a total of 45 parcels with a January 1, 2014 equalized value of \$14,874,693. Under Wisconsin Statutes 66.1105(4)(gm)4c the equalized value of the taxable property of the district plus the value increment of all existing districts cannot exceed 12 percent of the total equalized value of the taxable property in the city. As illustrated in the following

table, with the creation of TID No. 11, only 2.35% of the equalized value of the City of Eau Claire will be located within tax incremental financing districts.

Total Equalized Valuation of Taxable Property in the City as of January 1, 2014		\$4,461,599,200
Equalized Value of All Taxable Property in TID #11 as of January 1, 2014	\$ 14,874,693	
Equalized Value Increment of TIFs 5, 7, 8 & 9	89,782,000	
Equalized Value of TID 10	\$ 16,218,300	
	\$104,656,693	
Percentage of TIF Valuation to Total City Property		2.35%

IV. **PROPOSED PUBLIC WORKS OR IMPROVEMENTS**

The public expenditures proposed in TID No. 11 will be linked to additional mixed-use development and redevelopment within the district. The new development and redevelopment will increase property values and will generate new tax increments that will allow the City to recover its TID costs. To facilitate this new development, the City will need to renovate an existing multi-level parking structure and provide incentive financing to assist developers in making projects financially feasible.

A. **Capital Costs**

1. **Parking Improvements**

The existing downtown parking structure was constructed in 1973 and is very utilitarian lacking modern design amenities such as enhanced lighting, directional signage, and an appealing façade. These factors are often cited as reasons the structure is not more heavily utilized. An analysis of the structure was completed in 2014 and recommended enhancements such as painting of the ceilings and replacement of the existing lighting system with LED lighting which would improve perceived light levels, and the addition of new colorful directional signage. Parking is critical to continued development within the TID and to create an atmosphere where parking is perceived as

available and safe various improvements to this parking structure are proposed.

The availability of parking is a key component in the development and redevelopment of mixed-use projects both within and outside of TID #11. Customers need to perceive that parking is safe, convenient, and available or they will choose to other locations to do business.

2. Landscaping

State Law also allows the expenditure of TID funds within ½ mile of an existing TID boundary. Immediately adjacent to the northeast boundary of the TID is a bank drive-up facility and surface-level parking lot. These facilities are located between the Public Library and City Hall. Proposed is the relocation of the bank drive-up facility and the creation of a public plaza between the municipal facilities, including the closing Eau Claire Street.

3. Blight Elimination

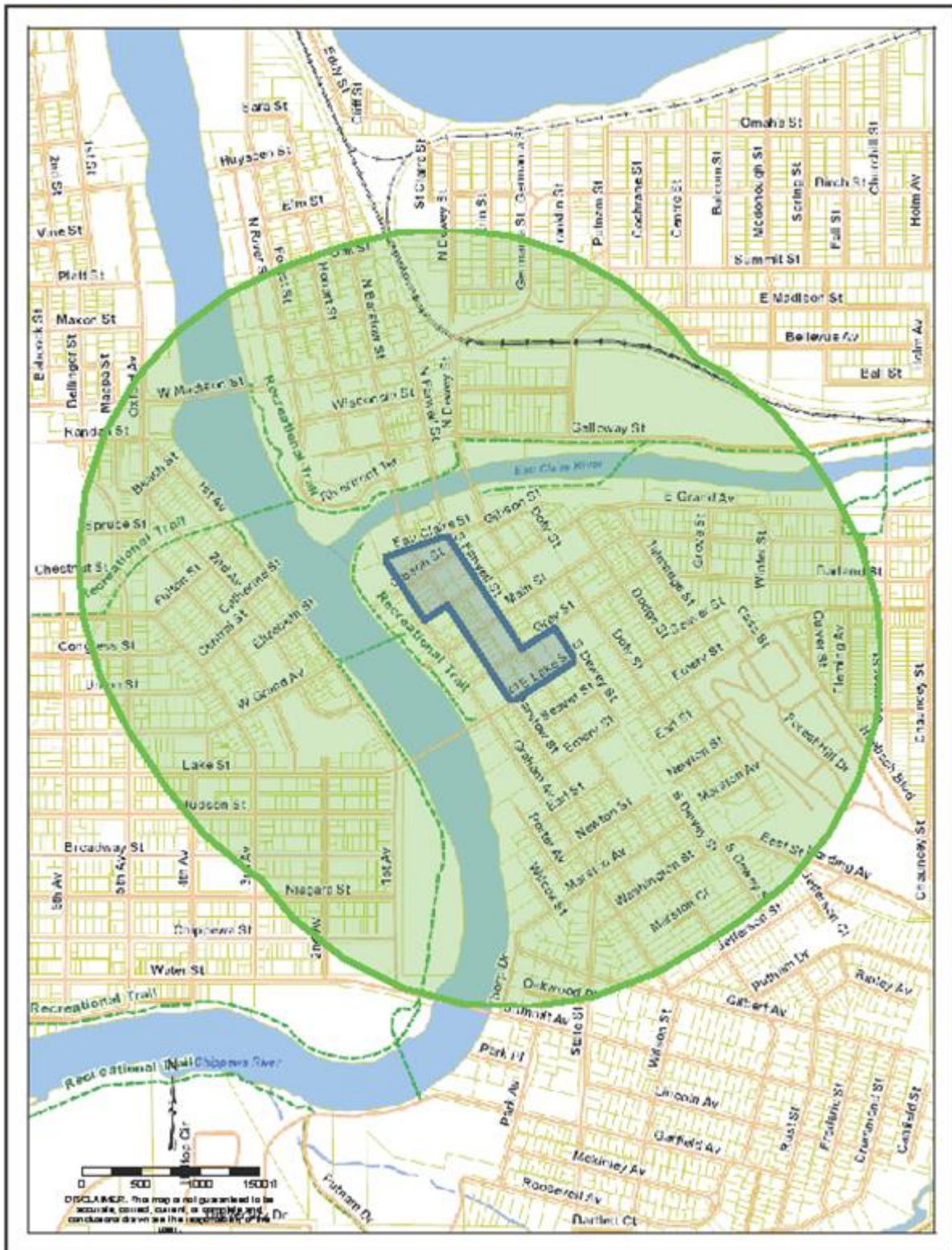
State Law also allows the expenditure of TID funds within ½ mile of an existing TID boundary. Within that boundary exist a large number of older structures, some of which are a blighting influence on the area. It may be desirable to use funding from TID No. 11 to purchase and demolish these blighted structures.

B. Cash Grants

Where a specific development has been identified, cash grants may be made to owners, lessees, or developers to close a financing gap. Cash grants may also include below interest loans, forgivable loans, and/or similar financing programs. Cash Grants may go directly to a development project or to capitalize a revolving loan fund to provide financing assistance for other projects throughout the TIF District. Future potential development sites identified within TID No. 11 include the Transit Transfer Site and the “Wood Motors” lot.

State Law also allows the expenditure of TID funds within ½ mile of an existing TID boundary. Future potential development sites identified within ½ mile of TID No. 11 include the proposed site for the Community Arts Facility and adjoining lots.

TID No. 11 - ½ Mile Boundary



C. Administrative Costs

The TID No. 11 project plan includes the cost incurred for administrative, professional, organizational, and legal services related to the creation and administration of the TIF district. Direct legal and planning costs will be charged as administrative costs.

The cost of the three TID audits required under Wisconsin Statutes ss 66.1105 will be included as TID project costs. In addition, administrative costs will include any TID Plan review fees charged by the Department of Revenue.

V. **ECONOMIC FEASIBILITY**

A. Economic Feasibility Analysis

Under Wisconsin's Tax Incremental District Law (ss. 66.1105), 100% of the property taxes levied against new property value created within a TIF district is retained by the City to pay for improvement costs that were incurred to attract the new development. Implicit in the law is the concept that without the improvements, the attraction of new development, the creation of new jobs, and the expansion of the tax base would not occur.

The Wisconsin TID law establishes that the maximum life of a "Mixed-use" TID is 20 years, unless extended by the Joint Review Board for a maximum of 3 additional years (23 years total). Project expenditures may be incurred until 5 years before the maximum life of the TID. In the case of a Mixed-use TID this allows the City fifteen (15) years in which to make the improvements needed to stimulate and support development. The property tax increments generated by the new development are retained by the City until all TID costs are paid.

The City of Eau Claire's Tax Incremental District No. 11 will be created by Council action in September, 2015. Therefore, all TID project improvements must be completed by September, 2030. The taxes on any increased property value in the district between 2017 and 2035 will be retained by the City to repay the TID project costs. TID No. 11 will be dissolved when all TID project costs are repaid, or in September 2035, whichever comes first.

In order to determine the economic feasibility of the proposed TIF district, estimated TID costs must be compared to projected TID property tax increments. Where tax increments exceed TID costs over the twenty (20) year life of the TIF district, the TIF district is

considered economically feasible.

The City of Eau Claire has made conservative assumptions about the future to determine the economic feasibility of TID No. 11. Anticipated increases in value for properties in the TID and corresponding tax increment are shown in the following table:

City of Eau Claire										
Tax Incremental District #11										
Projected Tax Increment Detail										
Construction Year	Value Added	Valuation Year	Base Value	Inflation Increment	Total Increment	Projected Value	Tax Rate	Revenue Year	Tax Increment	
1 2015	\$ 10,000,000	2016	\$ 15,135,000	\$ -	\$ 10,000,000	\$ 25,135,000	0.0232465	2017	\$ 232,465	
2 2016	-	2017	15,135,000	251,350	10,251,350	25,386,350	0.0232465	2018	238,308	
3 2017	-	2018	15,135,000	253,864	10,505,214	25,640,214	0.0232465	2019	244,209	
4 2018	5,000,000	2019	15,135,000	256,402	15,761,616	30,896,616	0.0232465	2020	366,402	
5 2019	-	2020	15,135,000	308,966	16,070,582	31,205,582	0.0232465	2021	373,584	
6 2020	-	2021	15,135,000	312,056	16,382,638	31,517,638	0.0232465	2022	380,838	
7 2021	3,000,000	2022	15,135,000	315,176	19,697,814	34,832,814	0.0232465	2023	457,904	
8 2022	-	2023	15,135,000	348,328	20,046,142	35,181,142	0.0232465	2024	466,002	
9 2023	-	2024	15,135,000	351,811	20,397,954	35,532,954	0.0232465	2025	474,180	
10 2024	3,000,000	2025	15,135,000	355,330	23,753,283	38,888,283	0.0232465	2026	552,180	
11 2025	-	2026	15,135,000	388,883	24,142,166	39,277,166	0.0232465	2027	561,220	
12 2026	-	2027	15,135,000	392,772	24,534,938	39,669,938	0.0232465	2028	570,350	
13 2027	-	2028	15,135,000	396,699	24,931,637	40,066,637	0.0232465	2029	579,572	
14 2028	-	2029	15,135,000	400,666	25,332,303	40,467,303	0.0232465	2030	588,886	
15 2029	-	2030	15,135,000	404,673	25,736,976	40,871,976	0.0232465	2031	598,294	
16 2030	-	2031	15,135,000	408,720	26,145,696	41,280,696	0.0232465	2032	607,795	
17 2031	-	2032	15,135,000	412,807	26,558,503	41,693,503	0.0232465	2033	617,391	
18 2032	-	2033	15,135,000	416,935	26,975,438	42,110,438	0.0232465	2034	627,083	
19 2033	-	2034	15,135,000	421,104	27,396,542	42,531,542	0.0232465	2035	636,873	
20 2034	-	2035	15,135,000	425,315	27,821,858	42,956,858	0.0232465	2036	646,760	
\$ 21,000,000									\$ 9,820,295	
NOTES:										
1 Development is projected and actual development and assessed values may vary from estimates										

The equalized value property tax mill rate levy is projected to increase 0% per year. This assumption is also conservative. In recent years, the equalized value property tax mill rate in Eau Claire has increased slightly. Based on these assumptions, the \$21,000,000 in new property value generated between 2015 and 2024, will create sufficient new property tax increments to repay all planned TID project costs. In addition, the City will enter into binding contracts with developers that undertake development/redevelopment projects in TID No. 11, that will guarantee the minimum amount of investment needed to fully amortize all TID costs associated with each project within 10-15 years. The City will limit the implementation of all TID expenditures until the actual levels of new property value are known.

Thus, the TID Increment/Cost comparisons tend to overstate costs, and understate revenues. The overall TIF District should be able to recover all costs by the year 2035, or 9 tax years after the last development.

City of Eau Claire															
Tax Incremental District #11															
Projection of Cash Flow															
Sources of Funds						Uses of Funds					Fund Balance				
Year	Tax Increments	Other	Long-Term Debt	Total Sources	Project Costs	Debt Service	Admin. & Other	Interest on Interfund Borrowing	Total Uses	Annual	Cumulative	Breakeven?	Year		
1 2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400	\$ -	\$ 1,400	\$ (1,400)	\$ (1,400)	N	1 2015		
2 2016	-	-	-	-	-	-	400	14	414	(414)	(1,814)	N	2 2016		
3 2017	232,465	-	630,000	862,465	600,000	-	27,700	27	627,727	234,737	232,923	N	3 2017		
4 2018	238,308	-	4,575,000	4,813,308	4,500,000	49,982	68,150	-	4,618,132	195,176	428,099	N	4 2018		
5 2019	244,209	-	530,000	774,209	500,000	477,473	26,700	-	1,004,173	(229,964)	198,136	N	5 2019		
6 2020	366,402	-	-	366,402	-	464,390	400	-	464,790	(98,388)	99,748	N	6 2020		
7 2021	373,584	-	-	373,584	-	457,421	400	-	457,821	(84,237)	15,511	N	7 2021		
8 2022	380,838	-	-	380,838	-	457,204	400	-	457,604	(76,766)	(61,255)	N	8 2022		
9 2023	457,904	-	-	457,904	-	456,978	400	1,838	459,216	(1,312)	(62,567)	N	9 2023		
10 2024	466,002	-	-	466,002	-	456,742	400	1,877	459,019	6,983	(55,585)	N	10 2024		
11 2025	474,180	-	-	474,180	-	456,496	400	1,945	458,841	15,339	(40,246)	N	11 2025		
12 2026	552,180	-	-	552,180	-	456,238	400	1,409	458,047	94,133	53,887	N	12 2026		
13 2027	561,220	-	-	561,220	-	455,970	400	-	456,370	104,850	158,737	N	13 2027		
14 2028	570,350	-	-	570,350	-	455,689	400	-	456,089	114,261	272,999	N	14 2028		
15 2029	579,572	-	-	579,572	-	455,396	400	-	455,796	123,776	396,775	N	15 2029		
16 2030	588,886	-	-	588,886	-	455,090	400	-	455,490	133,396	530,171	N	16 2030		
17 2031	598,294	-	-	598,294	-	454,770	400	-	455,170	143,123	673,295	N	17 2031		
18 2032	607,795	-	-	607,795	-	454,436	400	-	454,836	152,958	826,253	N	18 2032		
19 2033	617,391	-	-	617,391	-	454,088	400	-	454,488	162,903	989,157	N	19 2033		
20 2034	627,083	-	-	627,083	-	453,724	400	-	454,124	172,960	1,162,116	Y	20 2034		
21 2035	636,873	-	-	636,873	-	453,343	-	-	453,343	183,529	1,345,646	Y	21 2035		
22 2036	646,760	-	-	646,760	-	452,946	-	-	452,946	193,814	1,539,459	Y	22 2036		
	\$ 9,820,295	\$ -	\$ 5,735,000	\$ 15,555,295	\$ 5,600,000	\$ 8,278,375	\$ 130,350	\$ 7,110	\$ 14,015,835	\$ 1,539,459					

NOTES:
1 Project costs are estimates and actual costs may vary from estimates

TID project and administrative costs of \$5,609,000 plus financing costs of \$2,634,281 equate to a total TID investment of \$8,243,281. These monies will only be expended if the property value of the mixed-use development is adequate to ensure a sufficient tax increment to recover the cost within the life of the TIF district. If a total of \$21,000,000 of new property value is created as projected, the TIF district will generate a total of \$9,820,295 in property tax increments over the life of the district. Since property tax increments are projected to exceed TID costs including debt service by \$1,539,459 in 2036 TID No. 11 is found to be economically feasible. Projected TID revenues will cover TID costs within 20 years and the City projects that TID No. 11 will be dissolved by 2035.

The Projection of Cash Flow projects that a total of \$5,735,000 in long-term debt will need to be issued to finance the project costs. As illustrated in the following table, the City

of Eau Claire has the capacity to issue this additional debt since it has nearly \$105 million in unused debt capacity.

**General Obligation Debt Limitation
December 31, 2014**

Section 67.03(1) of the Wisconsin Statutes provides that the amount of indebtedness of a municipality shall not exceed 5 percent of the equalized valuation of the taxable property in the municipality.

The following computation compares the total debt allowable for the City of Eau Claire with actual outstanding indebtedness at December 31, 2014:

Equalized valuation including T.I.F.'s (certified, August 2014)	\$ 4,461,599,200
Legal debt capacity (5% of equalized value)	\$ 223,079,960
 General obligation indebtedness:	
General long-term debt as of 12/31/14	\$ 98,760,000
 Less	
April 2015 Principal paid	\$ 8,990,000
2005 debt issues refunded and/or called	\$ 4,805,000
 plus Proposed 2015 debt issued	\$ 12,725,000
 Debt Outstanding	125,280,000
 Less: Amounts available for payment of principal:	
In Debt Service funds	(6,910,331)
Net indebtedness	118,369,669
Unused borrowing capacity	\$ 104,710,291
Percent of debt capacity remaining	46.94%

VI. DETAILED LIST OF ESTIMATED PROJECT COSTS

In order to determine the economic feasibility of the proposed TIF District No. 11, total project costs must be estimated and compared to the projected tax increments that will be generated by the new development in the TIF district. TID No. 11 project costs are estimated as follows:

A.	Parking Improvements	\$1,000,000
B.	Cash Grant (Community Arts Facility)	\$3,500,000
C.	Library Plaza	\$1,100,000
D.	Administration	<u>\$9,000</u>
	Total Cost of Improvements	\$5,609,000

The estimated cost of TID expenditures is \$5,609,000. Project costs may be incurred over the first fifteen (15) years of the TIF district, while TID revenues will be collected over a maximum of twenty (20) years. The City will have to finance any negative TID fund balance through interfund borrowing. Based on conservative projections including costs of debt issuance, debt service and interfund borrowing (\$2,634,281), total estimated TID No. 11 project costs are estimated to be \$8,243,281.

All project costs, debt issuance, debt service, and interfund borrowing estimates are based on the most current cost data available in July, 2015 and may be adjusted within the total amount shown without modification or amendment of this TID No. 11 Project Plan.

VII. METHODS OF FINANCING AND TIMING OF COSTS

A. Methods of Financing

Wisconsin Statutes provide several methods of financing the cost of improvements in tax incremental districts. For smaller amounts, financing through the general fund may be feasible. Transfers can be made from the municipal general fund account, or accounts of other funds, into the TID expenditure account to cover the cost of TID improvements. This method of financing avoids the interest cost associated with municipal borrowing. However, since the General Fund balance is reduced and not available for investment, the General Fund loses interest income, so an interfund borrowing cost is charged to the TID account.

State law also provides for municipal borrowing. Community borrowing is divided into two forms -- that subject to a statutory limitation and borrowing not subject to limitation. Possible funding sources include:

1. General Obligation Borrowing - Is sometimes referred to as a local promissory note from a bank, State Trust Fund, or other lending institution. This form of

borrowing requires little effort or legal costs and works well for smaller sums. This sort of borrowing is included in the municipal borrowing limitation.

2. General Obligation Bonding – Is a irrevocable property tax obligation of the community. General obligation bonds can often be sold at lower interest rates than other forms of borrowing. However, there are additional regulations and requirements that make G.O. Bonds suitable for larger projects. G.O. Bonds are included in the municipal borrowing limitation.
3. Mortgage Revenue Bonds - Are repaid through the revenue generated by a public utility like a water or sewer utility. Revenue bonds also have regulatory and legal requirements that make them suitable for larger project costs. Since revenue bonds do not pledge the community's taxing capacity, they are not subject to a municipal borrowing limitation.
4. Federal and State Grant or Loan Programs - Like Community Development Block Grants or State Transportation aids are sometimes available to supplement local funding sources. However, the amount of grant dollars available is limited and state and federal funding is uncertain given the need to balance budgets.

The actual method of financing specific TID projects will be determined by the City based on the current fiscal condition of the City, anticipated non-TID capital needs, municipal borrowing rates and terms, and the amount of financing needed. Where general obligation borrowing is used, TID financing costs have been calculated assuming financing over twenty (20) years (or the remaining life of the TID, whichever is less), with equal annual payments.

The City will not proceed with any phase of the planned public improvements until a developer or business is committed to construct a new building or renovate an existing building with a value sufficient to generate the property tax increments needed to cover the cost of the improvements. Therefore, the actual City expenditures in TID No. 11 may be substantially different than those shown in the project plan.

The Project Plan for TID No. 11 anticipates incurring significant costs during the first 3-5 years of its life. This will be too early in the life of the TID for significant cash to accumulate from tax increments. Therefore, it is anticipated that project costs will primarily be financed through the issuance of General Obligation debt. The following table identifies the anticipated debt issues:

City of Eau Claire											
Tax Incremental District #11											
Projected Long-Term Debt Issues											
Year		Taxable G.O. Bonds		Tax-Exempt G.O. Bonds		Taxable G.O. Notes		Tax-Exempt G.O. Notes		Total	Year
1	2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	1 2015
2	2016	-	-	-	-	-	-	-	-	-	2 2016
3	2017	-	630,000	-	-	-	-	-	-	630,000	3 2017
4	2018	3,560,000	1,015,000	-	-	-	-	-	-	4,575,000	4 2018
5	2019	-	530,000	-	-	-	-	-	-	530,000	5 2019
6	2020	-	-	-	-	-	-	-	-	-	6 2020
7	2021	-	-	-	-	-	-	-	-	-	7 2021
8	2022	-	-	-	-	-	-	-	-	-	8 2022
9	2023	-	-	-	-	-	-	-	-	-	9 2023
10	2024	-	-	-	-	-	-	-	-	-	10 2024
11	2025	-	-	-	-	-	-	-	-	-	11 2025
		\$ 3,560,000	\$ 2,175,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,735,000	

NOTES:
1 Project costs are estimates and actual costs may vary from estimates

B. Timing of Costs

All of the TIF No. 11 project costs except debt service and interfund borrowing will be incurred during the first fifteen (15) years of the TIF District. The table below shows the schedule and timing of the proposed expenditures. The actual timing of expenditures will be contingent on actual tax increments and tax guarantees that will generate sufficient tax increments over the life of the TIF district to cover the TID project costs.

City of Eau Claire Tax Incremental District #11 Cost Summary by Year		
<u>Year</u>		
2015-2017	Renovations to Parking Ramp and Administration	\$ 602,200
2018	Development Incentive - Community Arts Facility and other; Administration	4,500,400
2019	Renovations to Parking Ramp and Administration	500,400
2020-2021	Development Incentive and Administration	800
2022-2024	Development Incentive and Administration	1,200
2025-2034	Administration and Audits	4,000
	Total Cost of Improvements	\$ 5,609,000
	Debt Issuance, Interest on Long-term Debt, and Interfund Borrowing	2,634,281
	Total Estimated TID No. 11 Costs	\$ 8,243,281
NOTES:		
	1 Project costs are estimates and actual costs may vary from estimates	

C. Additional Economic Benefits

The economic feasibility analysis has shown that the property tax increments will be sufficient to cover all TID project costs over the twenty three (23) year life of the TIF district. The development of TIF No. 11 will facilitate the development of mixed-use projects in the central business district, enhance the appearance and functionality of a downtown parking structure, and fund the City's contribution to a Community Arts Facility leading to an increase property values, and the creation of new jobs in the City of Eau Claire. These jobs will help diversify the local economy and the increase in visitors to our community will have a positive multiplier effect in the trade and service sectors.

VIII. EXISTING ZONING AND LAND USES

The City of Eau Claire is proposing to create TID No. 11 to promote and expand mixed-use development in the central business district. The proposed TID encompasses approximately 17.4 acres and contains 45 parcels. Most of the properties are zoned Central Business District

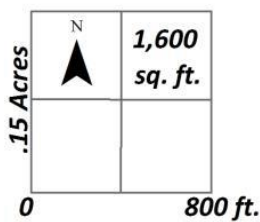
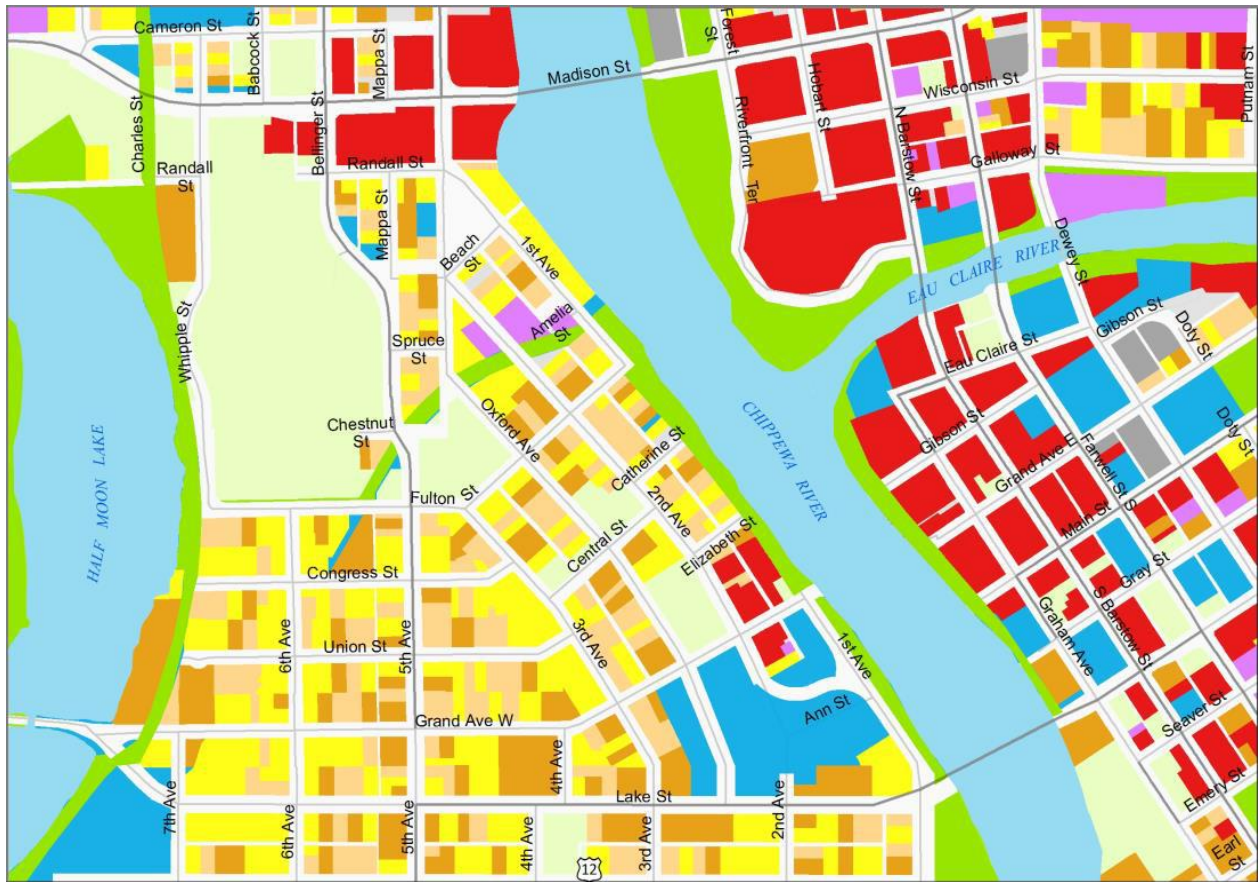
(CBD) and the uses include retail, restaurant, office, banking, hotel, convention center, museum, tavern, and others.

TID No. 11 – Existing Zoning



The central business district is established to be a high intensity, pedestrian oriented, shopping, office, service, entertainment and residential area in the city. Diversity in the CBD is encouraged through the mix of uses and activities with development guided by the comprehensive plan.

TID No. 11 Existing Land Uses



**Pattern of Downtown
Land Use, 2014**

The “Downtown Assessment” chapter of the Eau Claire Comprehensive Plan 2015 discusses the need for additional investment and redevelopment in the “South Barstow District”. The Comprehensive Plan indicates:

The South Barstow District is the traditional business center of the Downtown, generally bounded by Dewey Street on the east, the Eau Claire River on the north, the Chippewa River on the west, and Emery Street on the south. The district is the principal location for

arts, entertainment, specialty business, civic and government uses, and includes much of the Downtown's older commercial architecture and the Downtown Business Improvement District.

TID No. 11 is entirely encompassed within the “South Barstow District” and the project plan serves to promote to goals of the Comprehensive Plan.

IX. PROPOSED IMPROVEMENTS AND LAND USES

State law requires that not less than 50% of the land within a TIF district be “suitable for mixed-use development”. Wisconsin Statutes define “Mixed-use development” as “development that contains a combination of industrial, commercial, or residential uses, except that lands proposed for newly platted residential use, as shown in the project plan, may not exceed 35 percent, by area, of the real property within the district.” Within TID No. 11 over 90% of the land is proposed for mixed-use development with the remaining proposed for public parking, thus meeting the required standard. No newly platted residential development is planned for TID No. 11.

The implementation of the project plan for TID No. 11 will result in various improvements and alter the current land uses within the district. The following improvements are proposed within and around TID No. 11:

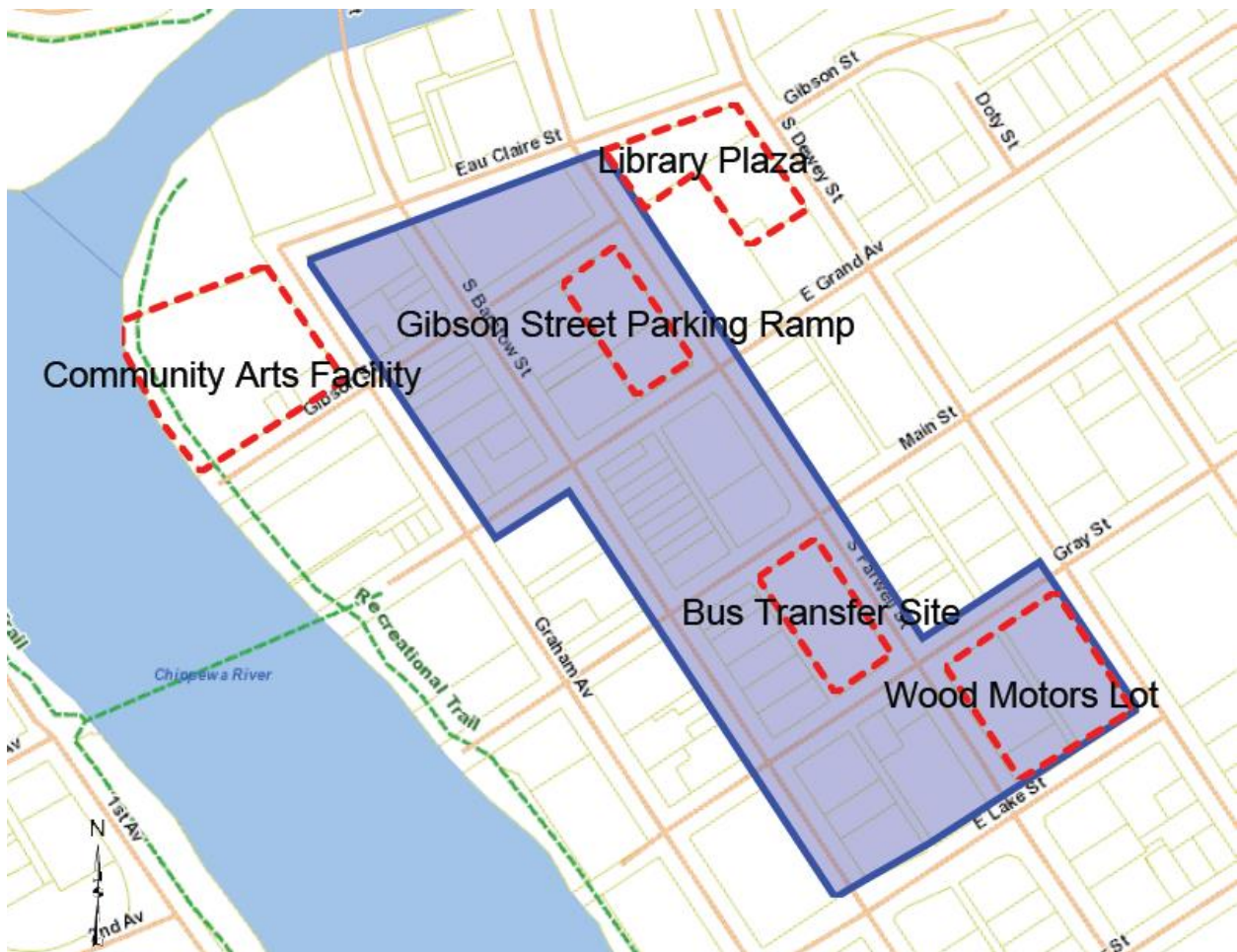
- Bus Transfer Site - Determine the best alternative location and the cost feasibility of moving and improving the central bus transfer site. The site, located along Farwell Street between Main and Gray Streets, could then be re-used for development.
- The “Wood Motors” Block - The “Wood Motors” site has long been eyed as the location for the improved bus transfer facility, perhaps even in a vertical mixed-use configuration with housing or offices above, drive-through bank tellers (mentioned above) and retail frontage.
- Gibson Street Parking Ramp - The Gibson Street Parking Ramp was constructed in 1973 and is very utilitarian lacking modern design amenities such as enhanced lighting, directional signage, and an appealing façade. An analysis of the structure was completed in 2014 and recommended enhancements such as painting of the ceilings and replacement

of the existing lighting system with LED lighting which would improve perceived light levels, and the addition of new colorful directional signage.

- **Library Plaza** – The Library Plaza would be located between City Hall and the Library. This area is currently highly underutilized and houses a bank drive-up facility, a parking lot, and Eau Claire Street. This project envisions a “town square” area with landscaping, parking, and pedestrian facilities connecting the Library and City Hall.
- **Community Arts Facility** – A Community Arts Facility has been proposed at the confluence of the Chippewa and Eau Claire rivers. Although outside the boundary of TID No. 11, this project is critical for attracting visitors to the downtown and creating the critical mass necessary for the redevelopment envisioned in TID No. 11.

The timing of improvements will be phased to meet the needs of specific development projects thereby minimizing the risk of incurring development costs in advance of tax-producing development projects.

TID No. 11 Proposed Improvements



With the improvements proposed above, specifically the redevelopment of the “Bus Transfer Site” and the “Wood Motors” lot land uses in the downtown will change slightly as indicated in the following map:

TID No. 11 Proposed Land Uses



 Single-Family Housing	 Park
 Two-Family Housing	 Public
 Multiple-Family Housing	 Semi-Public
 Mobile Home Community	 Undeveloped/Vacant
 Commercial	 Utility or Transportation
 Industrial	

X. PROPOSED CHANGES OF ZONING ORDINANCES, MASTER PLAN, BUILDING CODES, AND CITY ORDINANCES

The improvements proposed in TID No. 11 are entirely consistent with the existing zoning ordinance, Master Plan, building codes, and City Ordinances. No changes to any of these are contemplated to allow the implementation of the Project Plan.

XI. LIST OF ESTIMATED NON-PROJECT COSTS

All of the public improvements and other project costs included in this project plan are TIF eligible costs as defined in Wisconsin Statutes ss. 66.1105, the Tax Increment District Law. Where an improvement can serve an area larger than the TIF district, the cost of the improvement will be prorated so that only the proportion of the costs to serve TID No. 11 will be included as a project cost. That portion of the total costs which serves areas outside the TIF district will be considered 'non-project' costs and charged to funding sources other than TID No. 11.

XII. METHODS FOR RELOCATION OF DISPLACED PERSONS

The TID No. 11 Project Plan contemplates the acquisition of a bank drive-up facility. Relocation of residential or business occupants by the City of Eau Claire or Redevelopment Authority will be in accordance with Wisconsin Relocation Law and in conformance with federally required standards when federal funds are used. Anti-Displacement and Relocation plans will be filed with the appropriate federal and state agencies and approved by the City of Eau Claire or Redevelopment Authority to assure sufficient decent, safe and sanitary alternative housing is available. Residential or business tenants who will need to relocate will be informed of their rights under Wisconsin Relocation Law. Those residential tenants who are income-eligible will be placed on the waiting list for public subsidized housing programs and will be given priority status due to their displacement by government action. Those eligible residential tenants will receive rental assistance payments and moving allowances. Owner-occupants of residential properties will be offered moving costs and replacement housing payments in order to find decent, safe and sanitary housing. It is not anticipated there will be any temporary residential relocations. However, if such temporary relocation occurs, the Redevelopment Authority will reimburse all reasonable out-of-pocket expenses incurred in connection with the temporary

relocation. Eligible business tenants will receive a rent differential payment, reestablishment payments, and a moving allowance in accordance with Wisconsin Statutes. Business owners who are required to relocate will receive a replacement business payment, a reestablishment payment and a moving allowance. The City of Eau Claire maintains staff able to assist in relocation of occupants of property acquired under this plan.

XIII. PROMOTION OF THE ORDERLY DEVELOPMENT OF THE CITY

The creation of TID No. 11 and the implementation of the projects in the TID Project Plan will promote the orderly development of the City of Eau Claire by encouraging development and redevelopment of under-utilized property in the central business district. By encouraging compact development and the full utilization of property already served by public infrastructure it reduces public infrastructure costs and urban sprawl. By providing financial incentives to stimulate private development projects, the City is able to ensure that economic growth continues to occur, thus creating a positive environment for continued revitalization of the central business district.

By utilizing the provisions of the Tax Increment Finance Law, the City can increase property values through development projects that result in increased tax base. TID No. 11 continues the redevelopment of the City's central business district that began with the creation of TID No. 8 in 2002. TID No. 11 will add to the tax and employment base of the community, and will generate positive secondary impacts in the community through increased visitors to our community.



CITY OF EAU CLAIRE

Office of the City Attorney

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July 31, 2015

Russell Van Gompel
City Manager
City of Eau Claire
203 S. Farwell
Eau Claire WI 54701

Re: Project Plan for Creation of Tax Incremental District No. 11

Dear Mr. Van Gompel:

Please be advised that I have had an opportunity to review the above captioned project plan and find said plan to be complete and in compliance with Wis. Stats. § 66.1105 in that such plan addressed the subject matter that is required to be included in a project plan pursuant to such statute.

I render no opinion with respect to the accuracy, validity, or sufficiency of any statement and/or finding contained in said project plan, but rather would refer you to staff reports and other background data in support of the plan.

Sincerely,

Douglas J. Hoffer
Acting City Attorney

DJH;jw

cc: Finance Director

INSERT PLAN ADOPTION AND CREATION RESOLUTIONS

INSERT JOINT REVIEW BOARD RESOLUTION